

NO CAR STOCK POLICY
New York Management Meeting
February 22, 1995

Positives

- Reduce break-ins
- Reduced FSOF
- Vehicle savings (car, storage, alarm)
- Reduce sales rep financial liability
- Increased marketplace presence
- Increased Call count
- More Profession rep.
- No schlepping
- No jobber pick up
- No damages
- No sales rep excuses
- Unlimited sales
- Segue to more productive sales force

Negatives:

- Loss of SOM
- Sales rep moral--loss of jobs - - lesser job value
- Loss of promo penetration
- Loss of P.A. and Dist. (low stock)
- Poor Jobber follow-up
- Lack of W-S support
- Retail refusal of prebook
- VAP not in place
- No low volume call penetration
- Bottom up selling disappears
- Inability to correct OS, low stock immediately
- Timing too quick (April 1)
- Lack of retailer credit
- Contract Compliance
- Loss of promo control/flexibility
- Sales Rep changing approach to accountabilities
- Lack of service--retailer rapport
- Competitive disadvantage
- Promo overstock at jobber

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Action Plans:

- Direct/Indirect Accounts
- Distributor partnership
- Separate inventory of selected promoted product - flexible ordering/displays
- Redesign Focus or additional Direct/Indirect Incentive Program
- Additional P/T in all Direct and possibly high volume subs (even outside region) to handle SR Orders--funded by wrapping allowance. Also need P/T RJR order takers headquarters in one of the division offices.

National Promotions

- Sign up account for VAP }Allocated by
- Prebook new VAP (Advance Sale) }Division
- Remaining division allocation is open
- Next Day Delivery

Retail Incentive

- Enforce contract compliance
- Low volume contract to improve Dist./P.A.
- Quarterly inventory building programs
- Letter sent to retail informing them of new policy (bilingual)

Sales Rep/W-S

- Reduce FSOF to \$300 - \$500
- Eliminate Vehicle Security
- Reduce number of reps with garage rent
- Redefine selling tactics
- Sales Rep identify damaged product for return to jobber
 >if promoted--use \$ on other product
- Inform retail about new policy ASAP
- Update Primary, Secondary, VAP Wholesalers
- Sell VAP
- Poqet able to transmit prebook

April 1st Action Plan

- Sell Car Stock by April 1
- Sign up VAP--use form
- Inform retail about no stock
- Prebook April Promo's
- Reinforce contract compliance
- have list of jobber phone #'s, Acct #, Fax #
- Reorganize POS in vehicle
- Renew call procedures w/reps
- Priority planning--prebook/order book follow-up
- Use display payments to incent retail to build inventory
- Separate inventory of selected promoted product in jobbers
- P/T support may be necessary one month only at jobbers
- Additional buy down budget required

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Exception To No Car Stock

TIER I Top 500? Acct.--3 (6) reps--no stock

TIER II 10 (6) Reps carry priority brands--40% reduction in FSOF

National Promo's VAP & Prebook (not on vehicle)

No pick-up of damages

Until Jan 1, 1996

Rational

Learning time

Prep time to work no stock

Minimize massive loss of business (15%)

or

40% reduction of FSOF for all reps

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